# CHAPTER 4: ECONOMIC OVERVIEW

General aviation has enjoyed a turnaround since the passage of the General Aviation Revitalization Act of 1994. The Act set a "Statute of Repose" shielding aircraft manufacturers from liability on older aircraft (over 18 years old). The aircraft industry had declined from 18,000 aircraft manufactured in 1978 to only 928 aircraft in 1994 (and a loss of 100,000 jobs). A major factor for the decline was the increasing liability costs. In the nine years since the Act, general aviation shipments and billings have more than doubled.

The current recession, combined with the lingering effects of the 2001 terrorist attacks, has had a negative impact on general aviation, in particular, recreational flying. Business aviation has not been as greatly affected. While some aviation related businesses, such as flight schools in urban areas were shut down for a limited time following the attacks, other aviation related businesses thrived, including charter companies that benefited from the security-caused delays at major airports.

The National Business Aviation Association lists its membership as one third manufacturing, another third are service sector, such as banks, insurance companies and real-estate developers. Other industry groups with significant representation include mining and construction, transportation, utilities, communications and wholesale/retail trade sectors. For the SCAG region, the entertainment industry, particularly movie production, can be noted as a significant aviation user.

*Population Concentrations*

The SCAG region holds over 16 million residents. The regional baseline projection indicates that by the year 2030, the region will reach 22.9 million residents and 10.5 million jobs, an increase of 6.3 million people and 3 million jobs.

The components of population growth are natural increases (births minus deaths) and net migration. More people are expected to leave the region for other parts of the state and nation than arrive from other states during the 30 year forecast period. However, this loss will be more than compensated by foreign immigrants searching for economic opportunities.

Children of existing residents fuel our population growth. However, the baby boomer generation (born between 1946 and 1964) will reach retirement age by 2030, increasing the older age group percentage of the region, affecting the size and composition of the labor force as well as setting the stage for an unprecedented transfer of wealth, market buying power and preferences.

**Table 4-1: Population, Household and Employment Forecasts**

| | Population | Households | Employment |
|---|---|---|---|
| Imperial | 270,000 | 84,000 | 111,000 |
| Los Angeles | 12,316,000 | 4,135,000 | 5,679,000 |
| Orange | 3,553,000 | 1,161,000 | 2,029,000 |
| Riverside | 3,045,000 | 1,070,000 | 1,111,000 |
| San Bernardino | 2,713,000 | 877,000 | 1,138,000 |
| Ventura | 993,000 | 334,000 | 467,000 |
| SCAG Region | 22,890,000 | 7,660,000 | 10,535,000 |

Jobs will be created across all employment sectors. However, the largest gains will be in low-wage, low-skill service jobs as the shift from manufacturing jobs continues in the region. Between 2000 and 2030, service jobs will lead in total growth and capture the largest share of total employment. The composition of service jobs will also change. The result being that recreational flying and flight training will have to compete with other activities for fewer disposable income dollars.

SCAG examined regional employment concentrations as they relate to airport location. SCAG focused on various industries that are known to be significant users of business aviation, examining the business locations in relation to regional airports.

These industries are:

- Aerospace
- Biotech
- Computer hardware/software
- Motion picture production
- Real Estate
- Sales
- Testing and Measurement.

*Aerospace*

Aerospace companies are likely to cluster near airports. Parts of the Boeing 747 are manufactured next to Hawthorne airport. Defense and Space technology firms are located near LAX. The C-17 is assembled at Long Beach airport. Smaller aerospace firms are located along major freeways with access to airports.

*Biotech*

Biotech companies produce high value (and oftentimes, time critical) items that would normally be shipped by air. Although access to general aviation airports provides convenient air transportation for employees, the primary factor is access to air cargo services. The availability of "next day" air service throughout the region means that location near airports is not essential. Clustering of biotech companies is not as pronounced as the clustering of aerospace firms.

*Computer Hardware and Software*

Computer Hardware and software firms are fairly evenly distributed in the urbanized portions of the region. There is some clustering near Santa Monica Airport, the South Bay/Torrance area (near Zamperini Field, near John Wayne airport, and South-central Orange County.

*Finance*

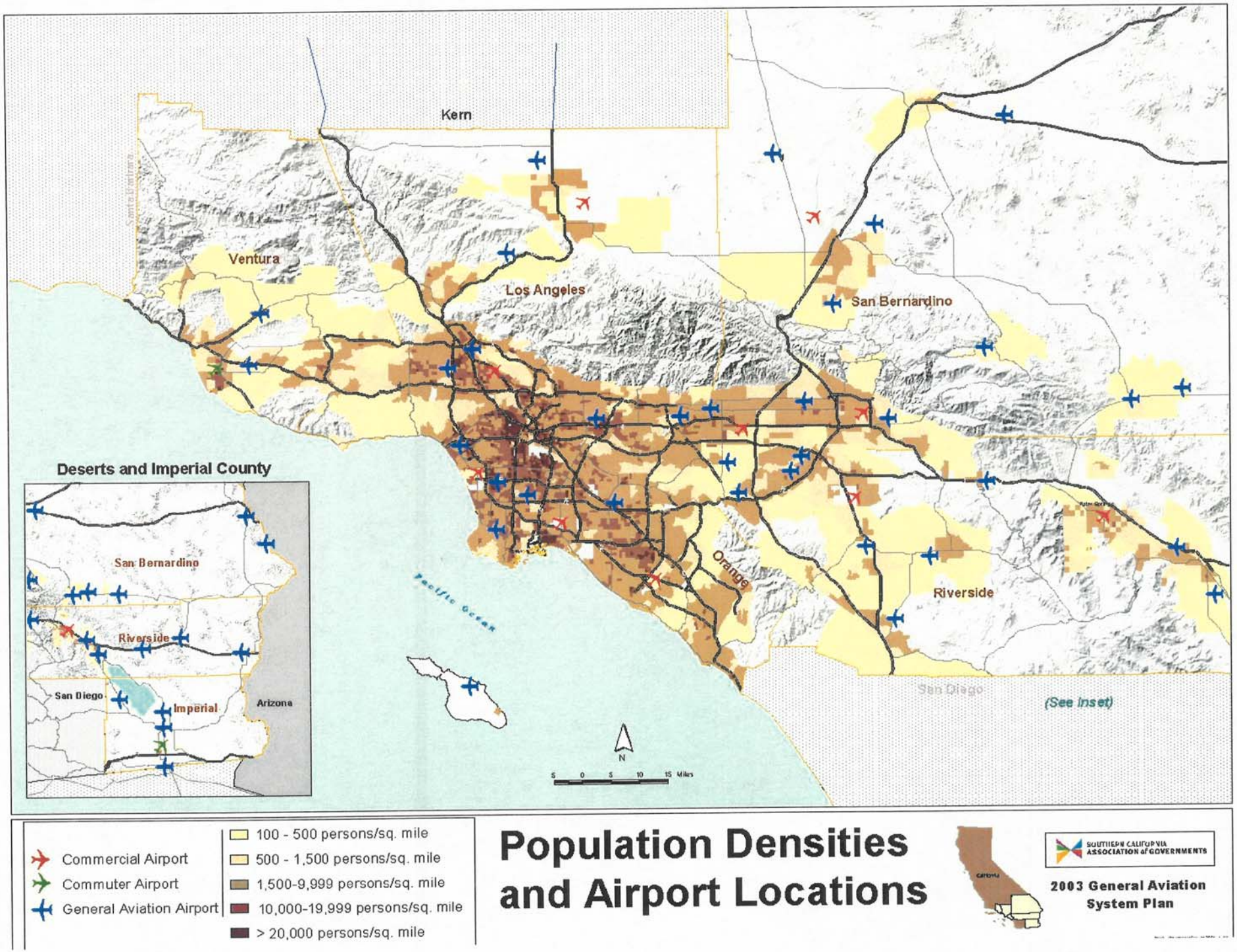
Financial industries are fairly evenly distributed in the urban area and there are no discernable signs of clustering around airports, with the exception of John Wayne Airport. There is some clustering in the downtown Los Angeles area and points west, where several large banks are headquartered.

*Motion Picture Production*

There is some clustering near Santa Monica (Santa Monica Airport), the Hollywood area (Burbank and Van Nuys airports) with its large studios and ancillary industries, and interestingly, in Palm Springs.

*Testing and Measurement*

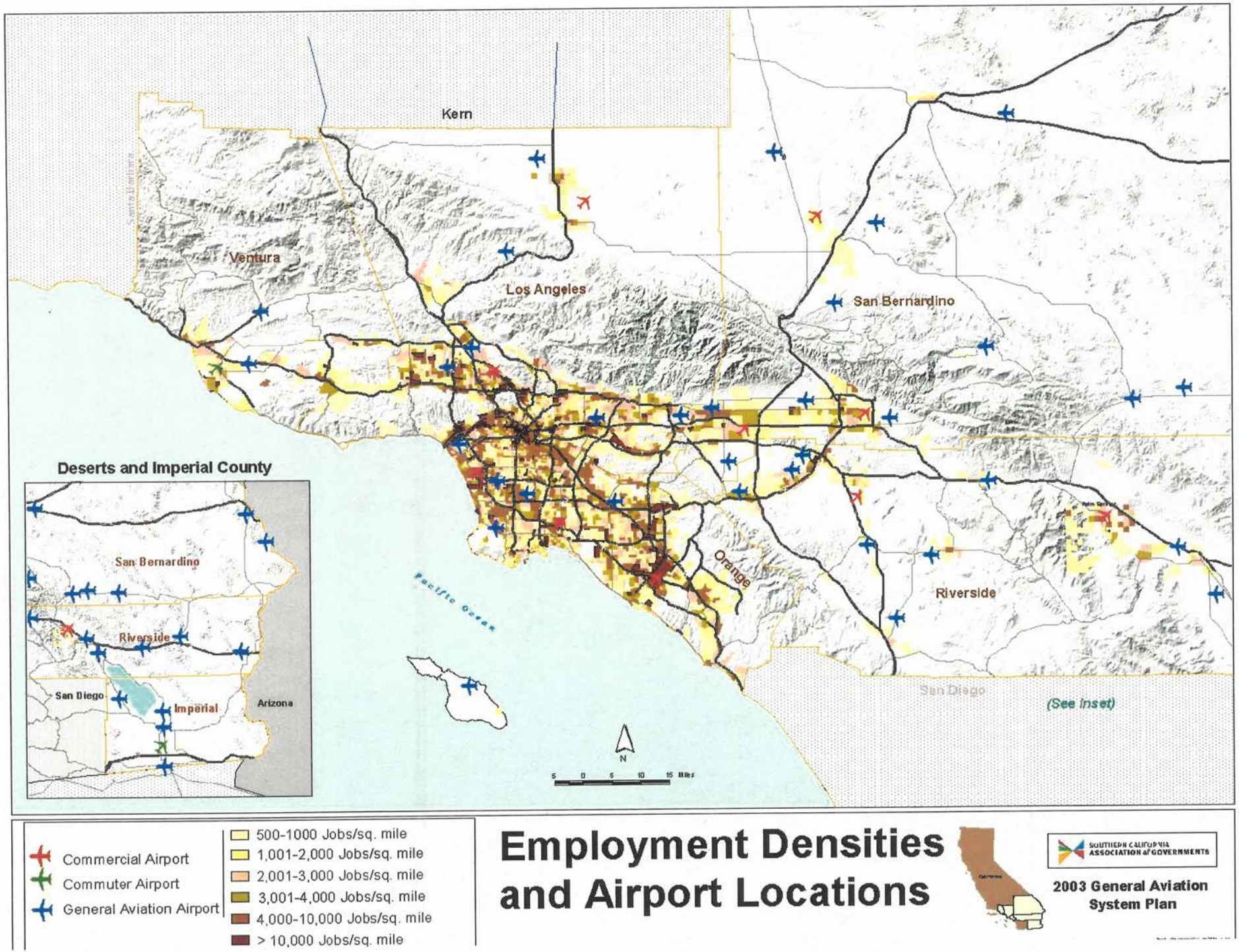
Testing and measurement equipment include aviation and nautical repair equipment as well as laboratory apparatus and analytical, optical, measuring and controlling equipment. There is industry clustering around the major urban commercial airports as well as the Santa Monica area, South Bay/Torrance area and South Central Orange County.




# Population Densities and Airport Locations

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

**2003 General Aviation System Plan**




# Employment Densities and Airport Locations

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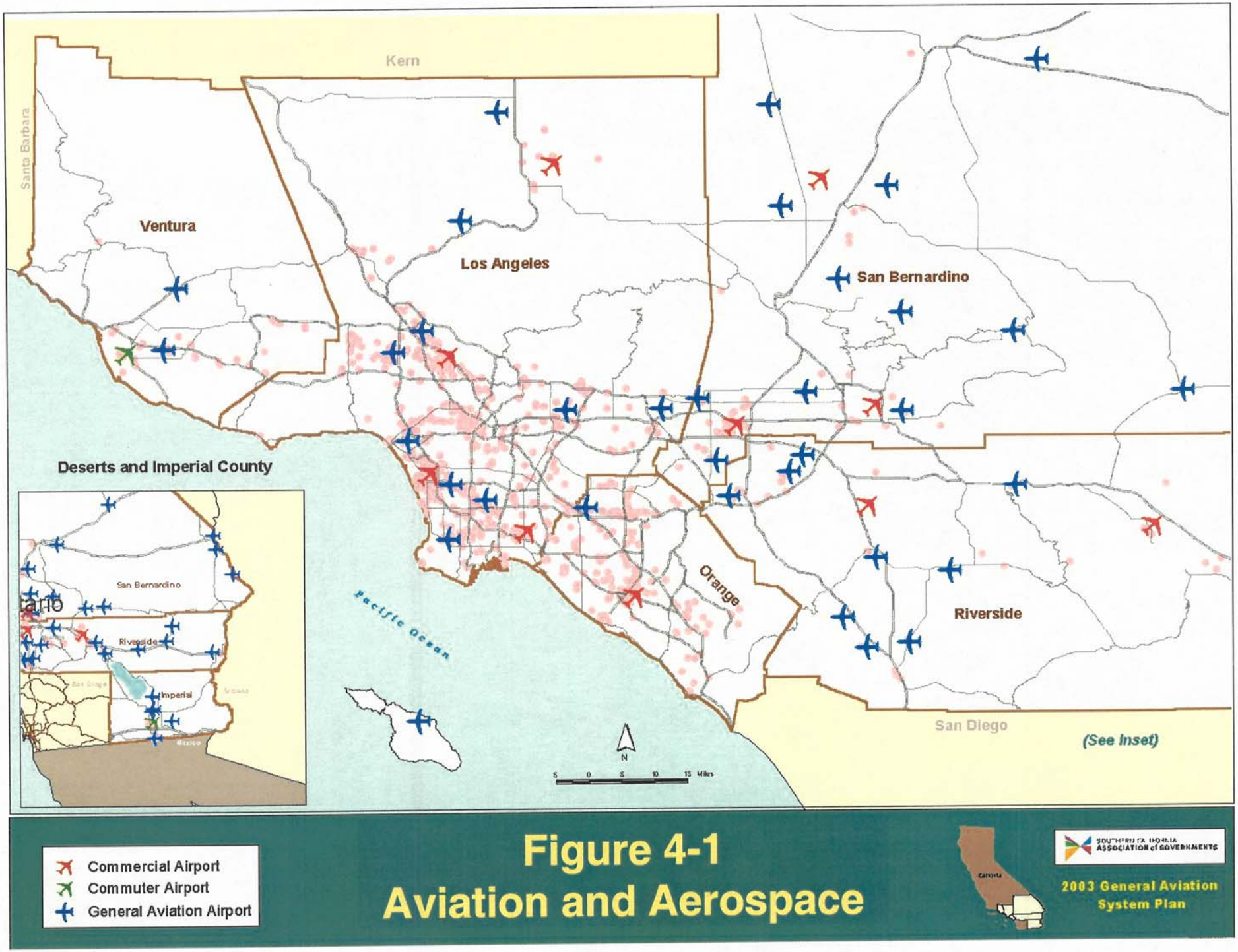
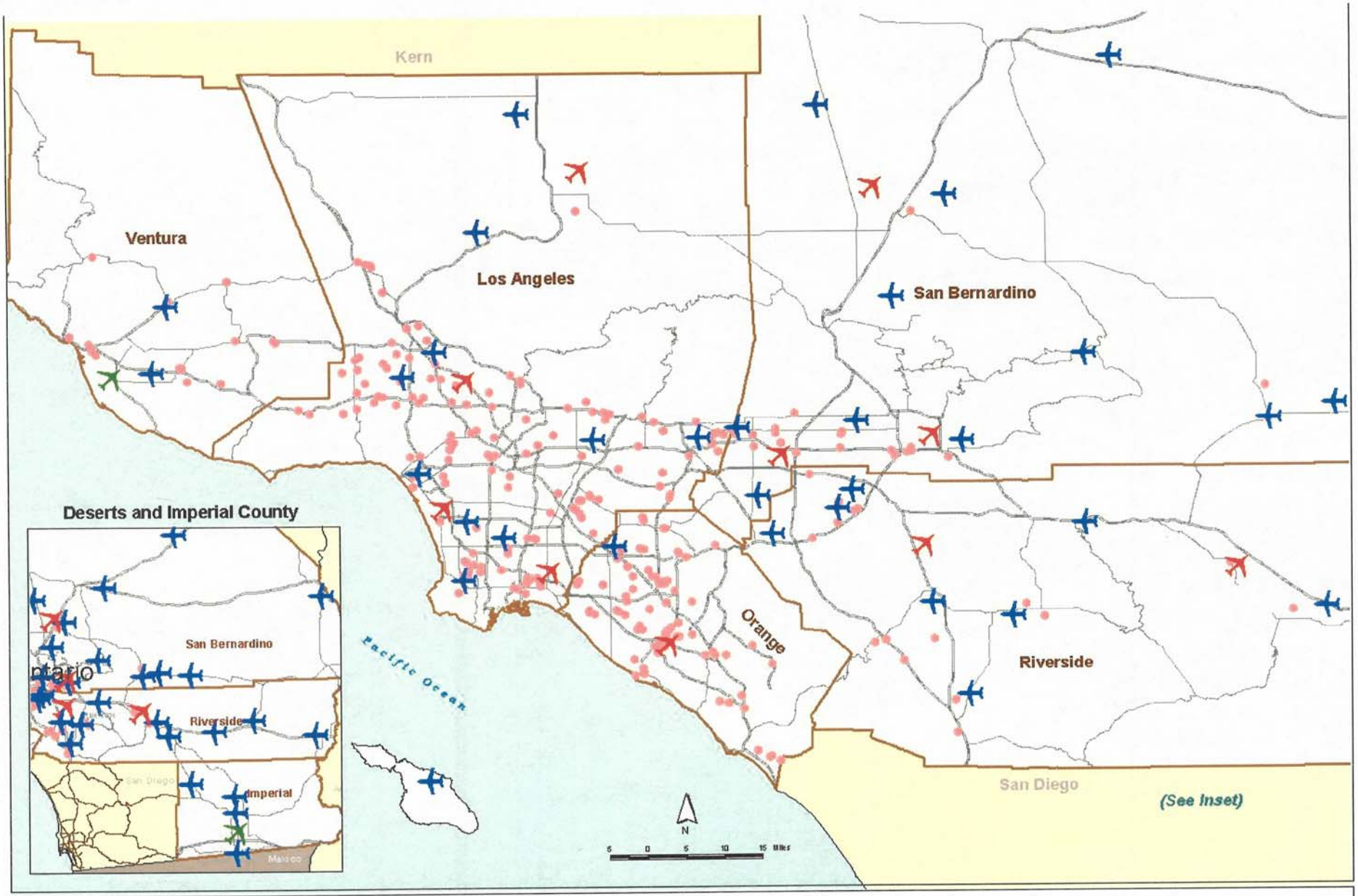



# Figure 4-1
# Aviation and Aerospace

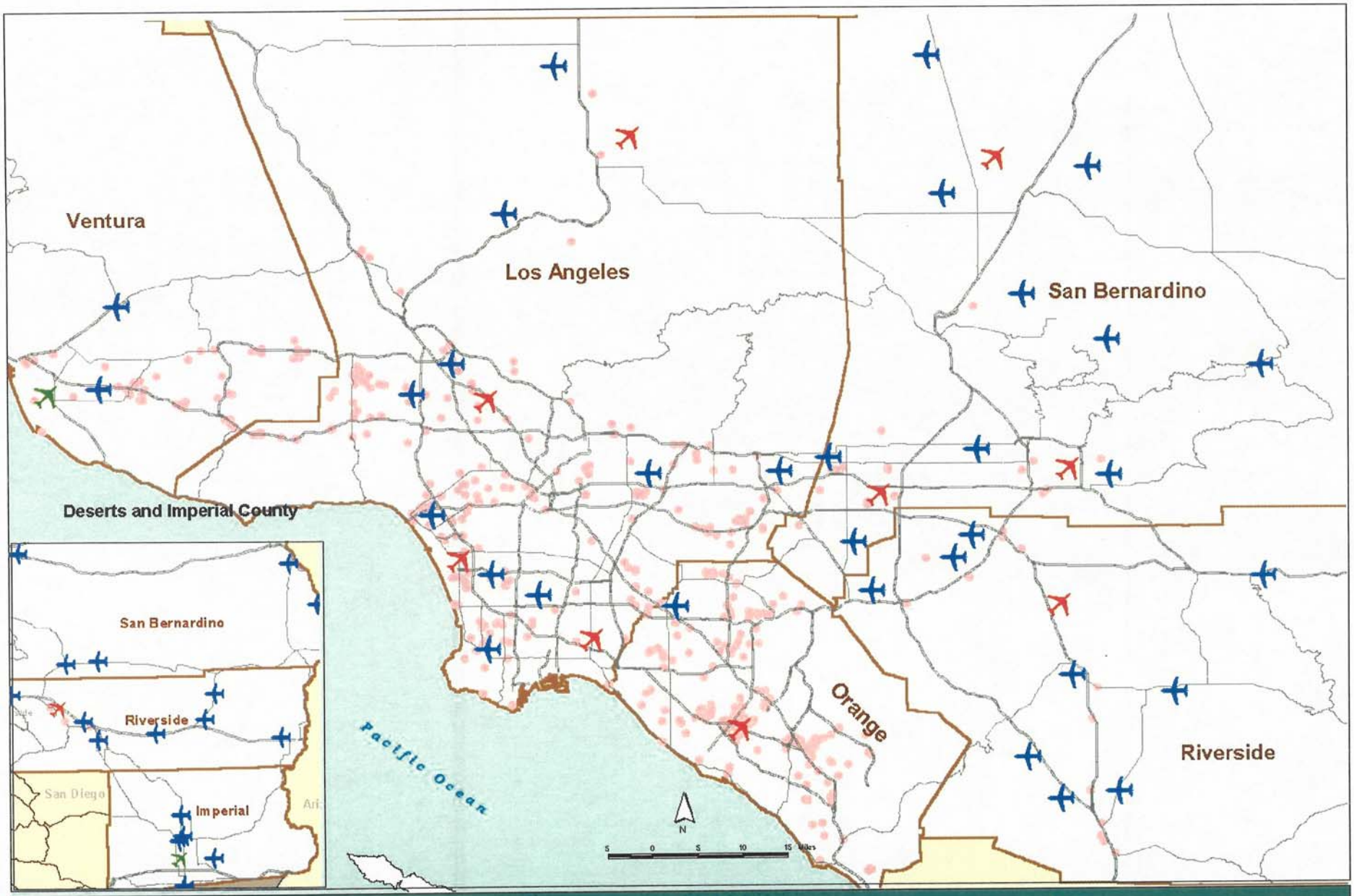
SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

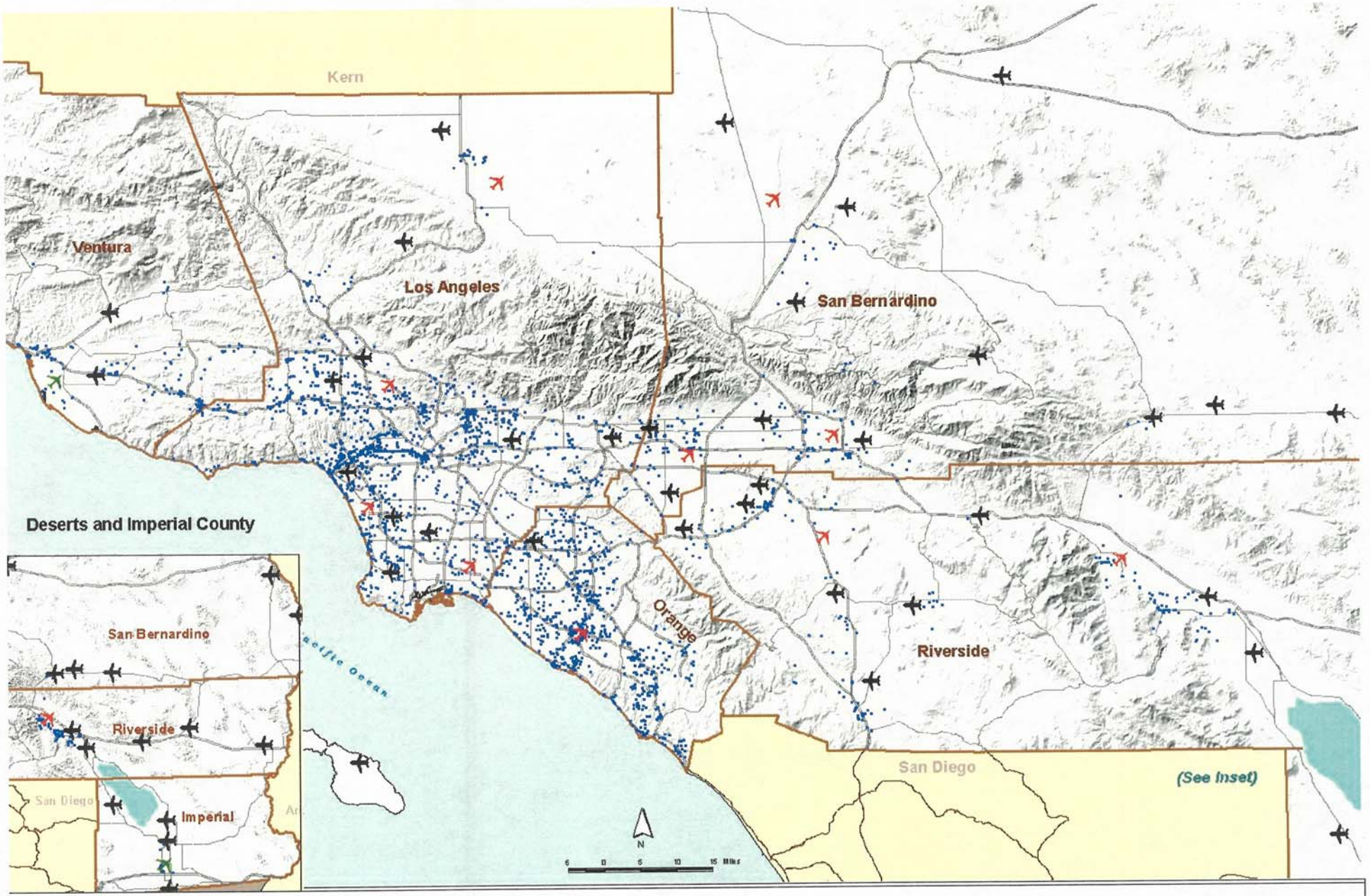
2003 General Aviation System Plan




# Figure 4-2
# Biotech and Medical Manufacturing

2003 General Aviation System Plan

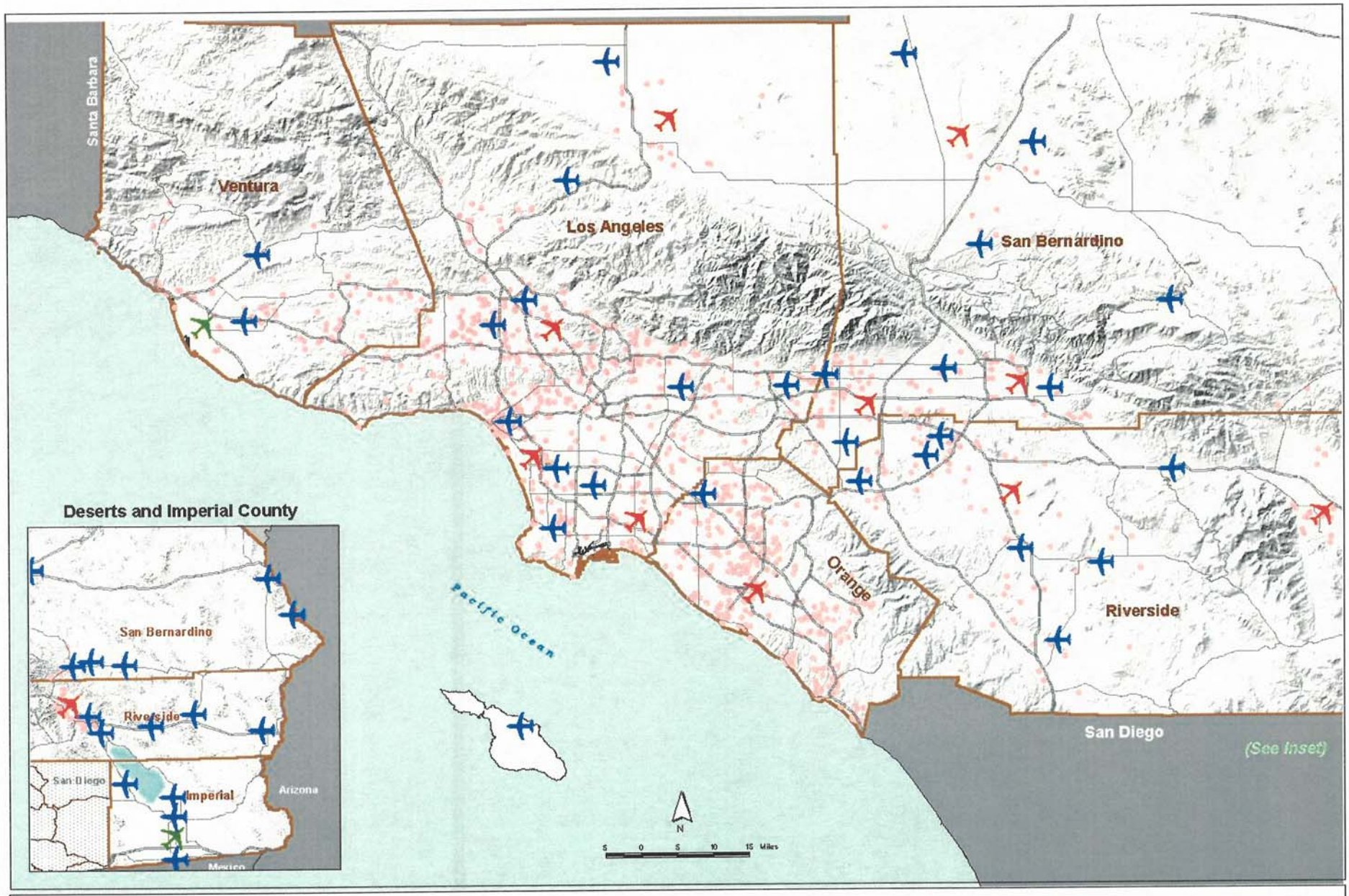

Ventura
Los Angeles
San Bernardino
Deserts and Imperial County
Orange
Riverside
Pacific Ocean
San Bernardino
Riverside
San Diego
Imperial
N
Commercial Airport
Commuter Airport
General Aviation Airport
Figure 4-3
Computer Hardware/Software
2003 General Aviation System Plan




# Figure 4-4
# Financial Institutions

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

2003 General Aviation System Plan

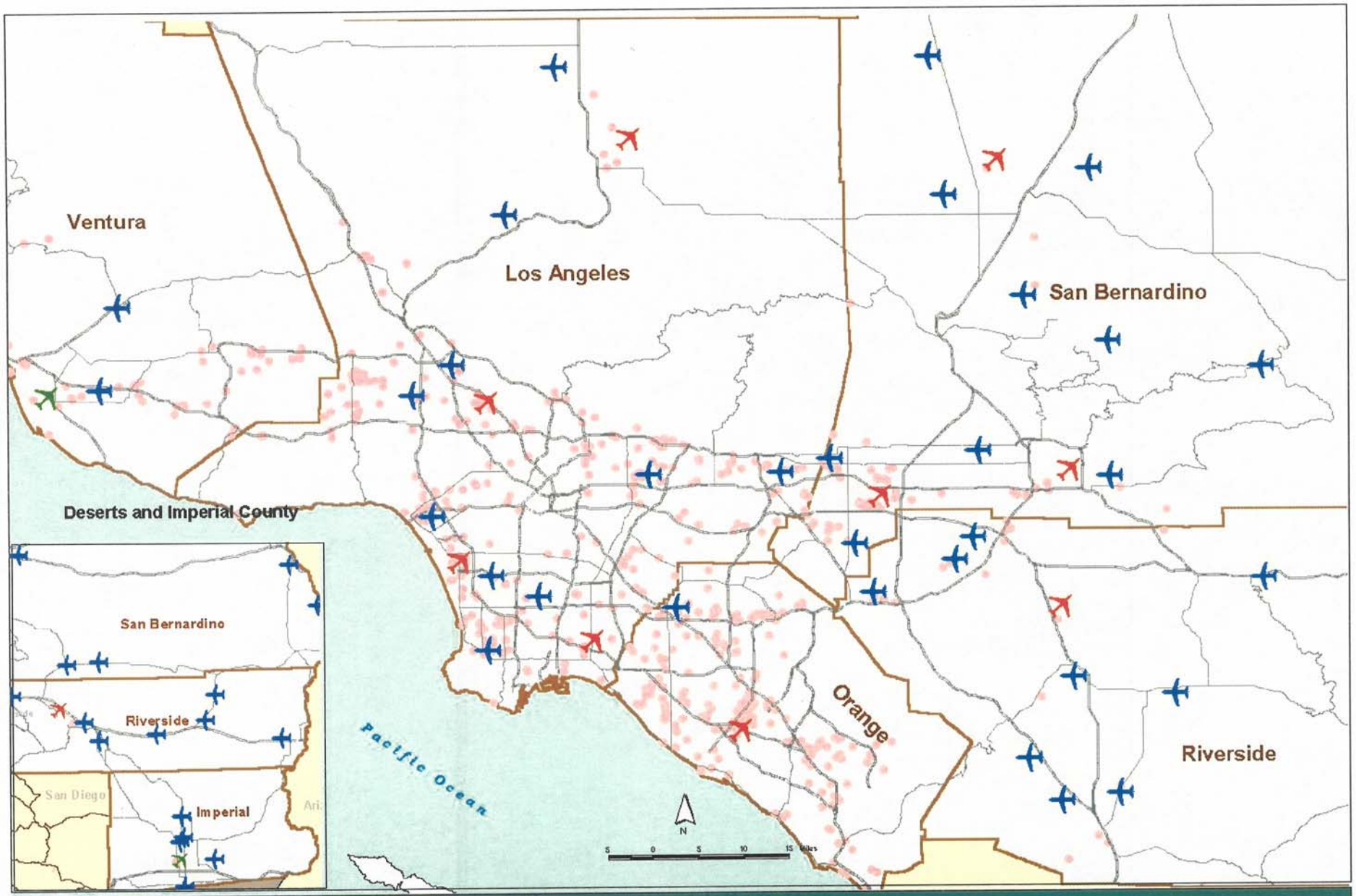



Commercial Airport
Commuter Airport
General Aviation Airport

# Figure 4-5
# Motion Picture Production


SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

2003 General Aviation System Plan


Ventura
Los Angeles
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Pacific Ocean
San Bernardino
Riverside
San Diego
Imperial
Commercial Airport
Commuter Airport
General Aviation Airport
Figure 4-6
Testing and Measurement
2003 General Aviation System Plan